

**SENTRAL
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

TABLE OF CONTENTS

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in Fund Balances	E	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Revenues, Expenses and Changes in Fund Net Assets	G	21
Statement of Cash Flows	H	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	I	23
Statement of Changes in Fiduciary Net Assets	J	24
Notes to Financial Statements		25-31
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		32
Note to Required Supplementary Information - Budgetary Reporting		33
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	1	34
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	2	35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		36-37
Schedule of Findings		38-40

SENTRAL COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2008 Election)		
Ron Dacken	President	2009
Loren Meyer	Vice President	2008
Laurie Thilges	(Resigned, September 2008)	2009
David Hurlburt		2010
John Bernhard		2010

(After September 2008 Election)

Ron Dacken	President	2009
Loren Meyer	Vice President	2011
Wayne Gerhart	(Appointed, September 2008)	2009
David Hurlburt		2011 *
John Bernhard		2011 *

School Officials

Arthur Pixler	Superintendent
Joni Underwood	District Secretary/ Treasurer

- * Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To The Board of Education of
Sentral Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Sentral Community School District, Fenton, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

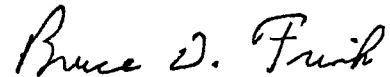
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Sentral Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2010 on our consideration of Sentral Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sentral Community School District's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

March 25, 2010

SENTRAL COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Sentral Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,861,971 in fiscal 2008 to \$2,309,504 in fiscal 2009, while General Fund expenditures decreased from \$2,475,024 in fiscal 2008 to \$2,229,956 in fiscal 2009 the District's General Fund balance increased from \$788,860 in fiscal 2008 to a balance of \$868,408 in fiscal 2009.
- The decrease in expenses is due primarily to savings from whole grade sharing with North Kossuth. Discretionary spending continues to be monitored in all areas.
- The District levied over \$200,000 in cash reserve levy property taxes in order to strengthen the General Fund. This was \$370,000 less than the prior year. This is a major reason for the drop in General Fund revenues.
- The District's solvency ratio increased from a 28% to 38% at the end of fiscal year 2009. The solvency ratio is indicative of the District's ability to meet its financial obligations. The District is levying cash reserve property taxes in order to maintain a positive balance as well as increasing oversight on expenditures in all areas.
- The District began a Preschool/Child Care program in fiscal year 2007.
- The District began sharing whole grade sharing with the North Kossuth Community School District.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Sentral Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Sentral Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sentral Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the Student Activity Fund.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Sentral Community School District Annual Financial Report

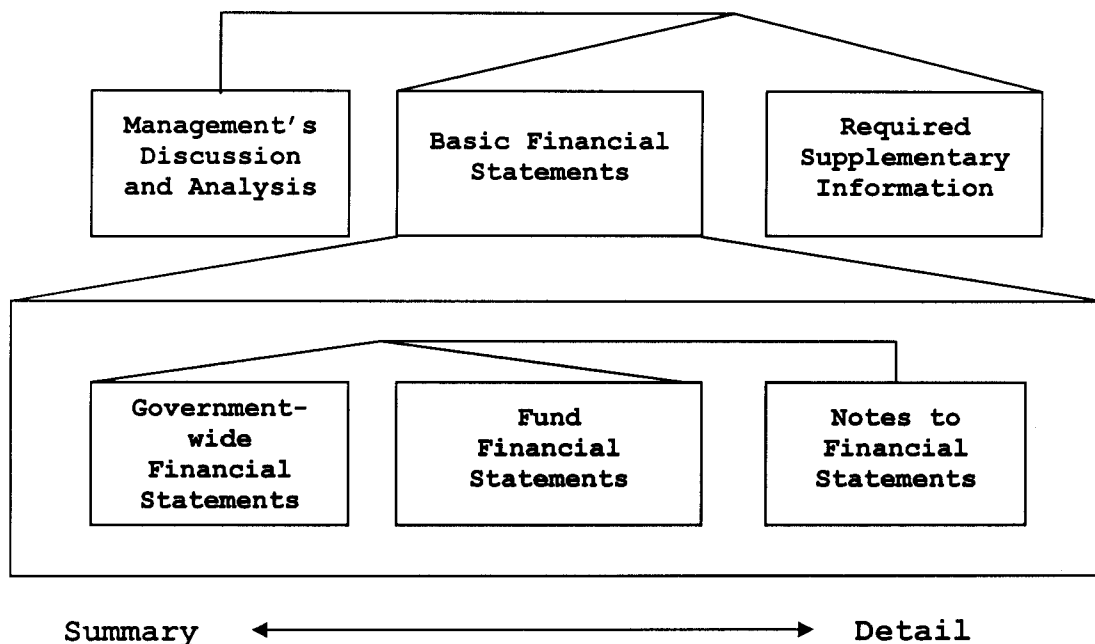


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to treat all funds as "major" funds for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Private-Purpose Trusts.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 2,525	2,663	4	4	2,529	2,667	-5.46%
Capital assets	1,216	1,242	3	4	1,219	1,246	-2.21%
Total assets	<u>3,741</u>	<u>3,905</u>	<u>7</u>	<u>8</u>	<u>3,748</u>	<u>3,913</u>	<u>-4.40%</u>
Current liabilities	1,402	1,724	-	2	1,402	1,726	-23.11%
Non-current liabilities	505	540	-	-	505	540	-6.93%
Total liabilities	<u>1,907</u>	<u>2,264</u>	<u>-</u>	<u>2</u>	<u>1,907</u>	<u>2,266</u>	<u>-18.83%</u>
Net Assets							
Invested in capital assets, net of related debt	711	702	3	4	714	706	1.12%
Restricted	183	38	-	-	183	38	79.23%
Unrestricted	940	901	4	2	944	903	4.34%
Total net assets	<u>\$ 1,834</u>	<u>1,641</u>	<u>7</u>	<u>6</u>	<u>1,841</u>	<u>1,647</u>	<u>10.54%</u>

The District's General Fund experienced a fund increase of almost \$80,000 during the June 30, 2009 fiscal year. Expenditures were monitored to more closely reflect normal revenues. The cash reserve levy was used to increase the General Fund and maintain a positive balance.

The District reinstated the Physical Plant and Equipment Levy in order to better maintain the District's capital asset structure.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-2009	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 283	327	44	39	327	366	-10.66%
Operating grants, contributions and restricted interest	423	406	57	53	480	459	4.58%
General revenues:							
Property tax	1,312	1,603	-	-	1,312	1,603	-18.15%
Income surtax	149	104	-	-	149	104	43.27%
Statewide sales and services tax	133	108	-	-	133	108	23.15%
Unrestricted state grants	425	581	-	-	425	581	-26.85%
Unrestricted investment earnings	11	48	-	-	11	48	-77.08%
Other	(13)	5	-	-	(13)	5	-360.00%
Total revenues	<u>2,723</u>	<u>3,182</u>	<u>101</u>	<u>92</u>	<u>2,824</u>	<u>3,274</u>	<u>-13.74%</u>
Program expenses:							
Governmental activities:							
Instruction	1,541	1,755	-	-	1,541	1,755	-12.19%
Support Services	839	871	-	-	839	871	-3.67%
Non-instructional programs	-	-	100	96	100	96	4.17%
Other expenses	149	153	-	-	149	153	-2.61%
Total expenses	<u>2,529</u>	<u>2,779</u>	<u>100</u>	<u>96</u>	<u>2,629</u>	<u>2,875</u>	<u>-8.56%</u>
Change in net assets	<u>\$ 194</u>	<u>403</u>	<u>1</u>	<u>(4)</u>	<u>195</u>	<u>399</u>	<u>51.13%</u>

Property tax and unrestricted state grants account for 62% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 91% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$2,722,939 and expenses were \$2,529,315 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5						
Total and Net Cost of Governmental Activities						
(Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 1,541	1,755	-12.19%	947	1,107	-14.45%
Support services	839	871	-3.67%	807	864	-6.60%
Other expenses	149	153	-2.61%	69	74	-6.76%
Totals	<u>\$ 2,529</u>	<u>2,779</u>	<u>-9.00%</u>	<u>1,823</u>	<u>2,045</u>	<u>-10.86%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$282,770.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$286,075.
- The net cost of governmental activities was financed with \$1,311,642 in property tax and \$425,017 in state foundation aid.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2009 were \$101,122 and expenses totaled \$99,619. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Sentral Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported combined fund balance of \$1,020,877, which is 19% greater than last year's ending fund balance of \$860,983.

Governmental Fund Highlights

Several factors contributed to the decrease of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- Allowable growth of 4% or less is insufficient to cover negotiated increases in salaries and benefits, let alone increased utility and fuel cost.
- The District has levied a cash reserve levy the past several years in order to bolster the General Fund.

- Midyear state cuts have a major negative impact on the District.
- The District began a Preschool/Child Care program in fiscal year 2007.
- The District reactivated the Physical Plant and Equipment property tax levy and is still using statewide sales and services tax monies for infrastructure and equipment purchases.
- The District whole grade shares with the North Kossuth Community School District.

Proprietary Fund Highlights

School Nutrition Fund net assets increased approximately \$1,500 in fiscal 2009. Increases in revenue as well careful cost monitoring will be necessary to maintain positive fund balance. Declining enrollment has caused a decline in revenues.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Total actual expenses did not exceed the total amount budgeted, nor did they in any of the four functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested more than \$1.2 million, net of depreciations by the end of fiscal 2009 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. The District made improvements and updated equipment at all three facilities during the year. Total depreciation expenses for the year exceeded \$86,000.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 79	79	-	-	79	79	0.00%
Site improvements	259	251	-	-	259	251	3.19%
Buildings	738	764	-	-	738	764	-3.40%
Furniture and equipment	140	148	3	4	143	152	-5.92%
Totals	<u>\$ 1,216</u>	<u>1,242</u>	<u>3</u>	<u>4</u>	<u>1,219</u>	<u>1,246</u>	<u>-2.17%</u>

Long-Term Debts

The District had \$505,000 in general obligation bonds outstanding. This represents a decrease of \$35,000 from the previous year. The principal and interest on the bonds will be paid in full by June 1, 2019. The District makes principal and interest payments annually on these bonds using property tax dollars obtained through a debt service levy specifically for these bonds.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

Total District		Total Change
June 30,		June 30,
2009	2008	2008-2009

General obligation bonds	\$ <u>505</u>	<u>540</u>	<u>-6.48%</u>
--------------------------	---------------	------------	---------------

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- To offset the impact of declining enrollment, the State has provided a budget guarantee provision for districts. This budget guarantee provision is being phased out over a 10 year period. The District was on budget guarantee for fiscal 2009 and will continue to be on budget guarantee for several years to come. Due to previous declining enrollment, the amount of this reduction due to the phase out of the budget guarantee will likely grow over the next several years.
- The District will need to monitor payroll expenses as they account for the vast majority of the budget.
- Allowable growth must be set a level high enough to allow the District to maintain and enhance educational programs.
- Whole grade sharing with North Kossuth Community School District is hoped to provide savings without sacrificing programs.
- Alternative sources must be found due to funding inconsistencies on the parts of the federal and state governments.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the Federal No Child Left Behind Act and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Arthur Pixler, Superintendent, Sentral Community School District, PO Box 109, Fenton, IA 50539.

Basic Financial Statements

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash	\$ 1,012,339	1,199	1,013,538
Receivables:			
Property tax:			
Current year	54,453	-	54,453
Succeeding year	1,227,333	-	1,227,333
Income surtax	104,285	-	104,285
Due from other governments	126,715	-	126,715
Inventories	-	3,305	3,305
Capital assets, net of accumulated depreciation (note 3)	1,216,402	2,636	1,219,038
Total assets	3,741,527	7,140	3,748,667
Liabilities			
Accounts payable	4,318	-	4,318
Accrued payroll and benefits	154,095	-	154,095
Accrued interest payable	2,361	-	2,361
Deferred revenue:			
Succeeding year property tax	1,227,333	-	1,227,333
Federal programs	14,217	-	14,217
Long term liabilities:			
Portion due within one year:			
General obligation bonds	35,000	-	35,000
Portion due after one year:			
General obligation bonds	470,000	-	470,000
Total liabilities	1,907,324	-	1,907,324
Net Assets			
Invested in capital assets, net of related debt	711,402	2,636	714,038
Restricted for:			
Management levy	14,491	-	14,491
Physical plant and equipment levy	63,243	-	63,243
Debt service	2,375	-	2,375
Capital projects	49,339	-	49,339
Categorical funding	53,689	-	53,689
Unrestricted	939,664	4,504	944,168
Total net assets	\$ 1,834,203	7,140	1,841,343

See notes to financial statements.

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues				Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities		
Functions/Programs						
Governmental activities:						
Instruction	\$ 1,540,844	281,848	311,767	(947,229)	-	(947,229)
Support services:						
Student services	3,199	-	-	(3,199)	-	(3,199)
Instructional staff services	82,659	-	-	(82,659)	-	(82,659)
Administration services	266,005	-	-	(266,005)	-	(266,005)
Operation and maintenance of plant services	366,563	-	32,057	(334,506)	-	(334,506)
Transportation services	121,218	922	-	(120,296)	-	(120,296)
	839,644	922	32,057	(806,665)	-	(806,665)
Other expenditures:						
Long term debt service interest	30,003	-	-	(30,003)	-	(30,003)
Long term debt services	400	-	-	(400)	-	(400)
AEA flowthrough	79,390	-	79,390	-	-	-
Depreciation (unallocated) *	39,034	-	-	(39,034)	-	(39,034)
	148,827	-	79,390	(69,437)	-	(69,437)
Total governmental activities	2,529,315	282,770	423,214	(1,823,331)	-	(1,823,331)

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues			Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Business type activities:						
Non-instructional programs:						
Nutrition services	99,619	43,995	57,127	-	1,503	1,503
Total	<u>\$ 2,628,934</u>	<u>326,765</u>	<u>480,341</u>	<u>(1,823,331)</u>	<u>1,503</u>	<u>(1,821,828)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,113,858	-	1,113,858
Management Fund				45,697	-	45,697
Capital Projects				85,275	-	85,275
Debt service				66,812	-	66,812
Income surtax				149,368	-	149,368
Statewide sales and services tax				132,835	-	132,835
Unrestricted state grants				425,017	-	425,017
Unrestricted investment earnings				10,643	-	10,643
Loss on disposal of capital assets				(23,669)	-	(23,669)
Other				11,119	-	11,119
Total general revenues				<u>2,016,955</u>	<u>-</u>	<u>2,016,955</u>
Change in net assets				193,624	1,503	195,127
Net assets beginning of year				<u>1,640,579</u>	<u>5,637</u>	<u>1,646,216</u>
Net assets end of year				<u>\$ 1,834,203</u>	<u>7,140</u>	<u>1,841,343</u>

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements

SENTRAL COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 1,020,877
--	--------------

**Amounts reported for governmental activities in the Statement of Net Assets
are different because:**

Income surtax receivable at June 30, 2009 is not recognized as a revenue until received in the governmental funds, however it is shown as a revenue in the Statement of Activities in the year of levy, thus no deferred revenue is shown in the Statement of Net Assets	104,285
--	---------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,216,402
--	-----------

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(2,361)
--	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	<u>(505,000)</u>
--------------------------	------------------

Net assets of governmental activities (Exhibit A)	<u><u>\$ 1,834,203</u></u>
--	----------------------------

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Revenues:							
Local sources:							
Local tax	\$ 1,238,628	-	45,697	85,275	132,835	66,812	1,569,247
Tuition	281,848	-	-	-	-	-	281,848
Other	23,546	49,830	6,904	33	120	-	80,433
State sources	665,988	-	-	-	-	-	665,988
Federal sources	99,494	-	-	25,000	-	-	124,494
Total revenues	<u>2,309,504</u>	<u>49,830</u>	<u>52,601</u>	<u>110,308</u>	<u>132,955</u>	<u>66,812</u>	<u>2,722,010</u>
Expenditures:							
Instruction	<u>1,469,310</u>	<u>61,654</u>	<u>8,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,539,644</u>
Support services:							
Student services	3,199	-	-	-	-	-	3,199
Instructional staff services	82,659	-	-	-	-	-	82,659
Administration services	261,755	-	-	-	4,250	-	266,005
Operation and maintenance of plant services	200,775	-	44,417	47,065	100,539	-	392,796
Transportation services	<u>132,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,868</u>
	<u>681,256</u>	<u>-</u>	<u>44,417</u>	<u>47,065</u>	<u>104,789</u>	<u>-</u>	<u>877,527</u>

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Other expenditures:							
Long term debt service:							
Principal	-	-	-	-	-	35,000	35,000
Interest	-	-	-	-	-	30,155	30,155
Services	-	-	-	-	-	400	400
AEA flowthrough	79,390	-	-	-	-	-	79,390
	<u>79,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,555</u>	<u>144,945</u>
Total expenditures	<u>2,229,956</u>	<u>61,654</u>	<u>53,097</u>	<u>47,065</u>	<u>104,789</u>	<u>65,555</u>	<u>2,562,116</u>
Net change in fund balances	79,548	(11,824)	(496)	63,243	28,166	1,257	159,894
Fund balances beginning of year	<u>788,860</u>	<u>34,845</u>	<u>14,987</u>	<u>-</u>	<u>21,173</u>	<u>1,118</u>	<u>860,983</u>
Fund balances end of year	<u>\$ 868,408</u>	<u>23,021</u>	<u>14,491</u>	<u>63,243</u>	<u>49,339</u>	<u>2,375</u>	<u>1,020,877</u>

See notes to financial statements.

SENTRAL COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 159,894

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Income surtaxes not collected for several months after the District's
fiscal year ends are not considered "available" revenues in the
governmental funds and are included as deferred revenues. They are,
however, recorded as revenues in the statement of activities
This represents the change from FY08 to FY09

24,598

Capital outlays to purchase or build capital assets are reported in
governmental funds as expenditures. However, those costs are
reported in the Statement of Net Assets and are allocated over their
estimated useful lives as depreciation expense in the Statement of
Activities. The amounts of capital outlays and depreciation expense
in the year are as follows:

Expenditures for capital assets	\$ 82,523	
Depreciation expense	<u>(84,874)</u>	(2,351)

Undepreciated cost of assets disposed of during the fiscal year	(23,669)
---	----------

Interest on long-term debt in the Statement of Activities differs from the
amount reported in the governmental funds because interest is recorded as
an expenditure in the funds when due. In the Statement of Activities,
interest expense is recognized as the interest accrues, regardless of
when it is due.

152

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement
of Net Assets.

General obligation bonds	<u>35,000</u>
--------------------------	---------------

Change in net assets of governmental activities (Exhibit B) \$ 193,624

SENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 43,995
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	46,803
Supplies	51,645
Depreciation	1,171
Total operating expenses	99,619
Operating (loss)	(55,624)
Non-operating revenues:	
Interest on investments	20
State sources	1,066
Federal sources	56,041
	57,127
Change in fund net assets	1,503
Net assets beginning of year	5,637
Net assets end of year	\$ 7,140

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 43,995
Cash payments to employees for services	(46,803)
Cash payments to suppliers for goods or services	(46,187)
Net cash provided by (used by) operating activities	<u>(48,995)</u>
Cash flows from non-capital financing activities:	
State grants received	1,066
Federal grants received	48,438
Net cash provided by non-capital financing activities	<u>49,504</u>
Cash flows from investing activities:	
Interest on investments	<u>20</u>
Net increase in cash and cash equivalents	529
Cash and cash equivalents beginning of year	<u>670</u>
Cash and cash equivalents end of year	<u>\$ 1,199</u>
Reconciliation of operating (loss) to net cash used by operating activities:	
Operating (loss)	\$ (55,624)
Adjustments to reconcile operating profit (loss) to net cash (used by) operating activities:	
Depreciation	1,171
Commodities used	7,603
Decrease in inventory	455
(Decrease) in accounts payable	(2,600)
	<u>\$ (48,995)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	<u>\$ 1,199</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$6,623.

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Private Purpose Trust
	Jackson Scholarship
Assets	
Cash and pooled investments	\$ 50,582
Total assets	50,582
Net Assets	
Reserved for scholarships	50,582
Total net assets	\$ 50,582

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trust
	Jackson Scholarship
Additions:	
Local sources:	
Miscellaneous	\$ 1,600
Total additions	<u>1,600</u>
Deductions:	
Support services:	
Scholarships	<u>1,600</u>
Total deductions	<u>1,600</u>
Change in net assets	-
Net assets beginning of year	<u>50,582</u>
Net assets end of year	<u>\$ 50,582</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Sentral Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the Cities of Lone Rock and Fenton, Iowa, and agricultural area in Kossuth and Palo Alto Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The District is engaged in a two way sharing agreement with the North Kossuth Community School District for grades six through twelve.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Sentral Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Sentral Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Kossuth County Assessor Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to treat all funds as major funds for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Physical Plant and Equipment Levy is used to account for the purchase of equipment and the repairing, remodeling and construction of buildings and land improvements.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. the District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

C. Measurement Focus and Basis of Accounting

The government-wide, the proprietary fund and the fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statement of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied as well as unspent federal revenues.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 78,800	-	-	78,800
Capital assets being depreciated:				
Buildings	1,604,492	-	-	1,604,492
Improvements other than buildings	293,005	21,394	-	314,399
Furniture and Equipment	430,878	61,129	55,229	436,778
Total capital assets being depreciated	2,328,375	82,523	55,229	2,355,669
Less accumulated depreciation for:				
Buildings	839,735	26,458	-	866,193
Improvements other than buildings	42,520	12,576	-	55,096
Furniture and Equipment	282,498	45,840	31,560	296,778
Total accumulated depreciation	1,164,753	84,874	31,560	1,218,067
Total capital assets being depreciated, net	1,163,622	(2,351)	23,669	1,137,602
Governmental activities, capital assets, net	\$ 1,242,422	(2,351)	23,669	1,216,402
Business type activities:				
Furniture and equipment	\$ 14,057	-	-	14,057
Less accumulated depreciation	10,250	1,171	-	11,421
Business type activities capital assets, net	\$ 3,807	(1,171)	-	2,636
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Special education				\$ 1,200
Support services:				
Operation and maintenance of plant services				806
Transportation				43,834
Unallocated				39,034
				\$ 84,874
Business Type activities:				
Food service operations				\$ 1,171

(4) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

	Bonds Payable
Balance beginning of year	\$540,000
Additions	-
Reductions	35,000
Balance end of year	\$505,000

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$69,240, \$69,261, and \$71,146 respectively, equal to the required contributions for each year.

(6) Risk Management

Sentral Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$79,390 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(8) Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	5.30%	\$ 40,000	28,335	68,335
2011	5.40	40,000	26,215	66,215
2012	5.50	45,000	24,055	69,055
2013	5.50	45,000	21,580	66,580
2014	5.60	50,000	19,083	69,083
2015	5.65	50,000	16,282	66,282
2016	5.70	55,000	13,458	68,458
2017	5.70	55,000	10,322	65,322
2018	5.75	60,000	7,188	67,188
2019	5.75	<u>65,000</u>	<u>3,737</u>	<u>68,737</u>
Total		<u>\$505,000</u>	<u>170,255</u>	<u>675,255</u>

Required Supplementary Information

SENTRAL COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total	Budgeted Amounts	Final to Actual Variance
	Actual	Actual	Actual	Original	Final
Revenues:					
Local sources	\$ 1,931,528	44,015	1,975,543	2,087,005	2,087,005
State sources	665,988	1,066	667,054	810,674	810,674
Federal sources	124,494	56,041	180,535	169,000	169,000
Total revenues	<u>2,722,010</u>	<u>101,122</u>	<u>2,823,132</u>	<u>3,066,679</u>	<u>3,066,679</u>
					(111,462)
					(143,620)
					11,535
					<u>(243,547)</u>
Expenditures/Expenses:					
Instruction	1,539,644	-	1,539,644	1,849,915	1,849,915
Support services	877,527	-	877,527	1,090,332	1,090,332
Non-instructional programs	-	99,619	99,619	108,100	108,100
Other expenditures	144,945	-	144,945	156,537	156,537
Total expenditures/expenses	<u>2,562,116</u>	<u>99,619</u>	<u>2,661,735</u>	<u>3,204,884</u>	<u>3,204,884</u>
					310,271
					212,805
					8,481
					11,592
					<u>543,149</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	159,894	1,503	161,397	(138,205)	(138,205)
					299,602
Other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	159,894	1,503	161,397	(138,205)	(138,205)
					299,602
Balance beginning of year	860,983	5,637	866,620	841,936	841,936
					24,684
Balance end of year	<u>\$ 1,020,877</u>	<u>7,140</u>	<u>1,028,017</u>	<u>703,731</u>	<u>324,286</u>

See accompanying independent auditor's report.

SENTRAL COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

CENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Interest on Investments	281	-	281	-
Drama	651	-	-	651
Speech	66	-	-	66
Vocal	-	125	-	125
Band	-	125	-	125
Band Resale	115	231	304	42
Athletic	2,151	12,683	13,076	1,758
Athletic Resale	68	-	-	68
Volleyball	129	-	-	129
Baseball	479	-	479	-
Softball	993	-	993	-
High School Activity	180	11,040	11,034	186
Science Club	11	-	-	11
Annual	3,814	582	4,880	(484)
Student Council	1,022	5,116	2,812	3,326
National Honor Society	271	-	-	271
Athletic Vending	780	3,362	3,374	768
School Front	302	50	205	147
Library Fair	338	3,684	3,602	420
Athletic Deposits	1,371	7	-	1,378
Cheerleaders	6	-	6	-
Sentral Boosters	6,215	4,088	4,480	5,823
FFA	2,204	2,255	568	3,891
Elementary	1,107	3	76	1,034
Elementary Student Council	89	-	-	89
After Prom	189	-	189	-
Class of 2011	993	-	-	993
Class of 2008	131	-	131	-
Class of 2009	6,617	793	7,410	-
Class of 2010	3,856	4,080	5,822	2,114
Class of 2012	326	1,606	1,932	-
Class of 2013	90	-	-	90
Totals	34,845	49,830	61,654	23,021

See accompanying independent auditor's report.

SENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Six Years

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 1,569,247	1,815,653	1,862,048	1,410,953	1,349,511
Tuition	281,848	324,394	281,223	245,337	265,316
Other	80,433	156,265	211,957	187,767	177,995
State sources	665,988	820,434	769,169	883,955	858,307
Federal sources	124,494	65,957	118,679	151,152	172,681
Total	<u>\$ 2,722,010</u>	<u>3,182,703</u>	<u>3,243,076</u>	<u>2,879,164</u>	<u>2,823,810</u>
					1,400,524
					271,238
					218,525
					682,421
					97,639
					2,670,347
Expenditures:					
Instruction	\$ 1,539,644	1,753,475	1,696,300	1,893,077	2,096,484
Support services:					
Student	3,199	1,688	30,099	52,264	90,394
Instructional staff	82,659	83,057	86,254	99,947	53,341
Administration	266,005	332,679	346,911	336,874	329,491
Operation and maintenance of plant	392,796	363,850	264,890	371,063	249,203
Transportation	132,868	122,601	117,504	113,950	136,974
Non-instructional programs	-	-	-	12,763	26,141
Other expenditures:					
Facilities acquisition	-	186,755	7,476	-	89,378
Debt service:					
Principal	35,000	35,000	35,000	30,000	30,000
Interest and services	30,555	32,375	34,195	35,755	37,315
AEA flowthrough	79,390	79,045	77,056	76,210	76,215
Total	<u>\$ 2,562,116</u>	<u>2,990,525</u>	<u>2,695,685</u>	<u>3,021,903</u>	<u>3,214,936</u>
					2,839,098

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of the
Sentral Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Sentral Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sentral Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Sentral Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sentral Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Sentral Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sentral Community School District's financial statements that is more than inconsequential will not be prevented or detected by Sentral Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sentral Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09 is a material weaknesses.

Compliance and Other Matters

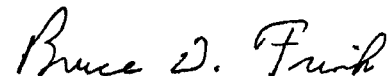
As part of obtaining reasonable assurance about whether Sentral Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We noted no instances of non-compliance or other matters to be described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sentral Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Sentral Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Sentral Community School District and other parties to whom Sentral Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sentral Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 25, 2010

SENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-09 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-09 AUDITOR DRAFTING OF THE FINANCIAL STATEMENTS AND RELATED FOOTNOTE DISCLOSURES

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

SENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - During the year ended June 30, 2009, expenditures did not exceed the certified amounts budgeted in any of the four functions.

II-B-09 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - The transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Ronald Dacken Board Member	Property Insurance, per bid	\$45,821

The transaction with Mr. Dacken does not appear to represent a conflict of interest since the transaction was competitively bid in the accordance with Chapter 279.7A of the Code of Iowa.

Recommendation - The District should review these transactions annually.

Response - We will continue to do so.

Conclusion - Response accepted.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

II-G-09 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-H-09 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education.

SENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-I-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and services tax revenue	132,835
Expenditures/transfers out:	
School infrastructure:	
Buildings and improvements	104,879
Ending balance	\$ <u>27,956</u>